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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Revisions to Price Cap Rules)
for AT&T)
_____)

CC Docket No. 93-197

REPLY COMMENTS

Sprint Communications Company LP hereby respectfully submits its Reply to comments filed on September 21, 1993 in the above-captioned proceeding. AT&T is the sole party advocating streamlined regulation of its optional calling plan (OCP) and commercial business services. However, as discussed below, AT&T provides no support for its claim that it no longer possesses market power in the provision of these services. As Sprint and other parties have noted, until such support is provided, further relaxation of price cap regulation is unwarranted.¹

AT&T states (p. 5) that "the Commission has recognized that continued price cap regulation of competitive services such as OCPs would be extremely harmful and should not be considered." The Commission has made no such finding. The very purpose of the instant proceeding is to try to determine

¹ See, e.g., Sprint, p. 2; Comptel, p. 2; Wiltel, p. 2. These parties all note that AT&T's share of interstate minutes for the past three years has stabilized in the low-60 percent range.

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whether OCPs and/or commercial business services are, in fact, facing sufficient competitive pressures to warrant their removal from Basket 1.² Nothing in AT&T's comments demonstrates either that such competitive pressures exist, or that it has been or will be harmed by continued application of price cap regulation of Basket 1 services.

For example, AT&T again cites its estimated 39 percent share of the commercial market (p. 20). This estimate, which Sprint had already shown was seriously deficient,³ hardly constitutes new or probative evidence of AT&T's declining market power. If the Commission had considered AT&T's earlier-filed market share estimates sufficient to demonstrate AT&T's lack of market power, there would be no reason for the instant proceeding.

AT&T also suggests (pp. 4-5, 22) that its ability to compete has somehow been constrained by the imposition of price cap regulation. However, it does not identify any new services whose availability has been delayed, or any customer demands which it has been unable to meet, or any "pro-consumer price and service changes" which it has not been allowed to

²See, e.g., Notice at paras. 13 ("we believe that a more complete record should be developed before a decision is made either to grant or to deny AT&T's request to streamline commercial service") and 4 ("we request comment on whether the treatment of OCPs under the AT&T price cap plan should be changed...").

³See Sprint's October 13, 1992 Comments on AT&T's Petition for Waiver of Price Cap Regulations for New Commercial Long Distance Service Classification, p. 6.

implement, because of price caps. To the contrary, as AT&T itself notes (pp. 11-12), it has had no problem implementing tariff revisions such as its "commercial" MTS rate structure.⁴ Price caps offer minimally intrusive protection to those customers of services over which AT&T retains market power. Given the lack of evidence that AT&T's market power has diminished to the point where price cap regulation would be superfluous, price cap regulation of Basket 1 should continue.

Respectfully submitted,

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October 21, 1993

⁴Moreover, as seen by the number of contract tariffs and Tariff 12 offerings which AT&T has implemented or has pending (on October 19, 1993, it introduced Contract Tariff No. 600), AT&T has substantial pricing and service flexibility which could easily be extended (and likely has already been extended) to the smaller commercial business market.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "Reply Comments" of Sprint Communications Company L.P. was sent via first-class mail, postage prepaid, on this the 21st day of October, 1993, to the below-listed parties:

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